

CAPITAL, . . \$2,500,000.

The Paid-up Capital exceeds . . . \$1,250,000

The Premium Received on Shares is 170,000

Total \$1,420,000

POSITIVE GOVERNMENT SECURITY LIFE ASSURANCE

IS UNLIKE ANY OTHER PLAN KNOWN,

**AND PROVIDES REMEDIES FOR THE DEFECTS IN ORDINARY
LIFE ASSURANCE WITHOUT DISTURBING THE SOUND
PRINCIPLES ON WHICH THE SCIENCE RESTS.**

IT AFFORDS:

1. Government Securities for Assurers instead of the miscellaneous security of ordinary Companies. This great advantage is provided for by the investment in Dominion or Canadian Government Securities, in local Trustees' Names, of the whole of the net premiums paid on each Assurance effected in Canada, in addition to which £51,000 Sterling of Consols are invested in England for a similar purpose, such funds being strictly hypothecated for that one purpose.
2. A Negotiable Promissory Note for each premium, payable "To Bearer", on the death of the Life Assured, or convertible into Cash, at any time, during lifetime, to the extent of 40 per cent of the premiums paid; either on loan at moderate interest, or by surrender.
3. If you only pay one Premium, and you never pay another, you are still assured, as long as you live, for the value of your first Premium.
4. Whatever your occupation may be, whether Soldier, Sailor, Traveller, or anything else, you may travel and reside wherever you like, without fines, extra Premium, or notice, and your POSITIVE Life Assurance remains in force.
5. All Positive Policies and Positive Notes are absolutely indisputable, and all alike participate in eighty per cent of profits.

CHIEF OFFICE :

53 BEDFORD SQUARE, LONDON, ENGLAND.

CANADIAN BRANCH:

353 NOTRE DAME STREET, . . . MONTREAL.

OCTOBER, 1873.



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THE POSITIVE

GOVERNMENT SECURITY LIFE ASSURANCE COMPANY, LIMITED,

Incorporated pursuant to Acts of Parliament.

CHIEF OFFICES: 53 BEDFORD SQUARE, LONDON.

CAPITAL.....	\$2,500,000
PAID-UP CAPITAL.....	1,250,000
PREMIUMS RECEIVED ON SHARES.....	170,000
TOTAL.....	\$1,420,000

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Prospectus.

On introducing THE POSITIVE GOVERNMENT SECURITY LIFE ASSURANCE COMPANY, LIMITED, Chief Offices, 53 Bedford Square, London, to the notice of the public in Canada, the Directors embrace the opportunity of offering a few observations respecting the History and position of the Institution, as well as the new and valuable plans of Life Assurance Business it presents for the first time. By a careful consideration of the following observations, it will be found, that while THE POSITIVE does not disturb the scientific principles on which Life Assurance so securely rests, it introduces a new system of practical administration, the features and value of which every business man can readily comprehend; and it affords such a basis of security to Assurers as would be given by the British Government if it instituted a general system of State Insurances for the United Kingdom and each of its Colonies and Possessions.

ORIGIN OF THE COMPANY.

The organization of The Positive in England was called for as a public want. It was felt on all sides that ordinary life Assurance administration is full of defects; that it does not supply the Assured with proved security; that it embraces the inequitable system of policy forfeiture: that it leaves offices with the right of disputing payment of claims; that it restricts the movements of the assured respecting Travelling, Foreign Residence, etc.; and, in fine, is so incumbered with conditions as to render an ordinary policy a precarious, though costly security to the Assured,—which is not available as a security, and entails the payment of a heavy annual premium every year throughout life, with the chance of forfeiting the policy itself and all premiums paid on it in the event of irregularity in paying the annual premium.

These defects of Life Assurance have long been complained of in England, but the culminating point arrived when *The Albert* and *The European* Companies failed. These Institutions were based on the ordinary Life Assurance system; they were what

might be termed "old" offices, and sought public patronage on that account as well as others equally fallacious. When these two offices failed—owing their assured between Two and Three Millions Sterling they had paid as premiums—the Public vividly saw, and the unfortunate victims felt, that ordinary Life Assurance could not be safely trusted; that a new and improved system was wanted, which should give *undoubted security to the Assured*, and also clear away the whole of the conditions, defects, and uncertainties of the ordinary system. Unfortunately it required the terrible disasters of the *Albert* and *European* to bring the public mind to an appreciation of the dangers of ordinary Life Assurance; it required the public to see, that ordinary Life Offices may go on trading for years and years, receiving Hundreds of Thousands of Pounds Sterling annually as premiums, with every outward show of prosperity, and yet be in a state of actual Bankruptcy! This fact is now understood by thinking men, and the time has arrived when Life Offices must give some more substantial pledge and proof of their Solvency than mere age, outward show, and great names. If Life Offices expect to command public confidence, they must tell the world what their Policy Liabilities are, and the amount of the realized, stored-up Assets they possess, in order to meet claims as they arise; and unless they have safely invested 80 per cent (the net premium) of every premium paid on Whole-Term Life Policies as a special fund to provide for the assurances as they become claims, they cannot prove their solvency. This simple rule will apply in most cases as a reliable test.

Then again, the business of Life Assurance, which has been proved by long experience to be the very safest known, is oftentimes undertaken by composite Insurance Offices—that is, by Institutions that transact Fire, Marine, and other hazardous descriptions of Insurance—the Life funds being liable for all losses. This is another sad defect in Assurance administration, because it destroys the action of Life Assurance.

FOUNDATION OF THE POSITIVE.

It was for the express purpose of presenting a sound, safe, and equitable system of Life Assurance, free from the defects enumerated, and available to all classes, that *The Positive* was founded. The object was to give to Life Assurance a new and

valuable character, by providing the highest order of security in the world for the Assured; to sweep away all the harassing conditions and technicalities which surround ordinary Life Assurance; to put an end to policy forfeiture, and provide the Assured with a negotiable property for every premium paid,—without interfering with the scientific principles on which Life Assurance rests.

The Directors being convinced on this vital point, felt that they would best consult the interests of the Company, and secure its permanent success, by paying less attention to seeking hasty results, than to laying a solid foundation, whereon to erect a thoroughly sound institution, worthy the principles inherent in THE POSITIVE system, and the magnitude which Life Assurance is destined to attain in this country.*

The plan of THE POSITIVE was very carefully prepared, and is so entirely different from that of any previously existing Company, that it was found necessary to arrange special legal machinery to give effect to it. This having been done, the Company was incorporated, pursuant to Acts of Parliament, early in the year 1870 (a year of Life Assurance panic in England), its business being restricted to Life Assurance exclusively, all other branches of insurance business being forbidden.

ITS ORGANIZATION.

The course adopted by the Directors in organizing the Company was to secure the co-operation of influential parties in London, Manchester, Liverpool, Birmingham, Bradford, Leeds, Glasgow, Belfast, and other districts.

Commencing the provincial arrangements at Manchester (where a powerful branch has been formed, and a large paid-up capital has been raised), and succeeding there in an eminent degree, THE POSITIVE system received the impress of public approval from a valued quarter, and all the other districts enumerated followed.

* **IMPORTANCE OF THE SYSTEM.**—To those who are not familiar with the statistics of Life Assurance, the improvements introduced by THE POSITIVE may seem of little moment; but when it is generally known that Life Assurance is capable of larger application than any other branch of financial operations, that if the system were fully developed in the United Kingdom, there would not be less than 3,000 millions sterling under Assurance, yielding 100 millions annually in premiums, *but of which only little more than one-tenth part has yet been transacted*, the value of a plan which strips Life Assurance of the objections that have prevented its extensive application, will become apparent.

Keeping steadily in view that the first consideration was to provide UNDOUBTED KNOWN SECURITY for the whole of the Company's engagements, the Directors decided on not effecting a single Assurance until a subscribed capital of not less than FIFTY THOUSAND POUNDS STERLING or TWO HUNDRED AND FIFTY THOUSAND DOLLARS had been secured, and until then they would provide funds to pay expenses.

On the 31st of October, 1871, it was reported that over £56,000 sterling or two hundred and eighty thousand Dollars of capital had been subscribed, the shares were allotted, and a notification was issued announcing the commencement of business, that is of effecting Life Assurances.

Since that time, the same system of organizing has been maintained with increasing success; this is evidenced by the fact that the

AMOUNT OF PAID-UP CAPITAL RECEIVED

UP TO THE 1st SEPTEMBER, 1873,

Exceeds Two Hundred and Fifty Thousand Pounds Stg. or \$1,250,000

OUT OF WHICH

FIFTY-ONE THOUSAND POUNDS CONSOLS equal to \$255,000

HAVE BEEN PURCHASED, AND NOW

STAND IN THE BOOKS OF THE BANK OF ENGLAND

IN THE NAMES OF

THE CENTRAL TRUSTEES,

THE RIGHT HON. LORD SANDHURST, G.C.B., G.C.S.I.,

THOMAS HUGHES, Esq., Q.C., M.P., AND M. H. CHAYTOR, Esq.,

BEING

A SPECIAL GUARANTEE FUND,

PERMANENTLY INVESTED AS

SECURITY FOR ALL THE ASSURED,

UNDER POSITIVE POLICIES, WHEREVER ISSUED,

INDEPENDENTLY OF

THE WHOLE OF THE NET PREMIUMS,

WHICH ARE ALSO

INVESTED IN TRUSTEES' NAMES;

ADDED TO WHICH,

**All the other Paid-up Capital and PROPERTY of
the Company**

ARE LIABLE FOR A SIMILAR PURPOSE.

LIFE FUNDS.

The Net Premiums are accumulated in separate Trusts which have been established under the name of "Life Funds":—those Net Premiums received in the United Kingdom being invested in Consols in the names of the Central Trustees:—those received in India being invested in Indian Government Securities in the names of public Officers, styled the "Official Trustees" of Bengal, Madras, and Bombay:—those received in Canada being invested in Canadian Government Securities in the names of the Local Trustees:—and each set of Assurers is, by these Trusts, secured the exclusive benefit of their Trust Funds; so that Assurers in Canada have funds locally accumulated for their benefit as effectually as if the POSITIVE LIFE INSURANCE COMPANY were a purely local undertaking, besides possessing the other advantages belonging to a powerful English Company.

Thus, parties Assured in "THE POSITIVE" enjoy *three distinct lines of Security*, constituting a financial strength of undoubted power, to guarantee the Company's Assurance engagements, consisting of—

- 1st. The Guarantee Fund of £51,000 Consols equal to \$255,000.
- 2nd. The Net Premiums.
- 3rd. The other Capital and Property of the Company.

It is submitted that such a foundation for Life Assurance, whether regarding the amount of money, the channel of investment, or the *proved* existence of the Guarantee Fund, is entitled to public confidence.

HOW THE SYSTEM HAS BEEN RECEIVED.

Within the past two years nearly Two Thousand Five Hundred persons (representing every class of the public) have paid up capital to the amount of £250,000, or \$1,250,000 whilst the premium received on shares is £34,000, or \$170,000, making a total sum received in respect of capital and share premiums of the unprecedented sum of £284,000, or \$1,420,000.

When it is borne in mind that the POSITIVE is purely a Life Office, and cannot undertake any other class of Insurance business, the large amount of its paid-up capital must have a significant bearing, especially with those conversant with Life Assurance administration. To those not conversant with this subject the following extract from the chairman's fourth address may prove interesting:—

Contrast of Paid-up Capital in Life Offices.

.. So little is known by the general public of the amount of capital originally paid up in Life offices, that I purpose inviting your attention to some statistics on the question, and, by contrasting the figures of the **POSITIVE** with them, to enable you to appreciate our position. In doing this, I wish you distinctly to understand that we do not seek to depreciate the great importance of those offices who have been the pioneers of Life Assurance; we put ourselves in fair rivalry with them, leaving the public to judge of the comparative merits of the two systems.

.. The following are the original amounts of paid-up capital received by the offices named:—

Argus	...	...	...	...	£70,000
British Equitable	...	...	...	...	37,087
Briton	...	...	...	...	35,420
City of Glasgow	...	...	...	...	60,000
Clerical, Medical, and General	...	...	...	...	50,000
Edinburgh	...	...	...	...	75,000
English and Scottish	...	...	...	...	40,000
Equity and Law	...	...	...	...	50,000
Imperial	...	...	...	...	75,000
Law Life	...	...	...	...	100,000
Life Association of Scotland	...	...	...	...	10,000
London and Lancashire	...	...	...	...	9,623
Rock	...	...	...	...	100,000
Sovereign	...	...	...	...	45,000
Standard	...	...	...	...	10,000
Sun	...	...	...	...	48,000
Universal	...	...	...	...	50,000
POSITIVE	...	...	...	...	250,000

.. With few exceptions, the capital of the companies named has been considerably increased by sums added out of profits. The amounts, however, above quoted were those originally paid, and, as you will see, the amount of the paid-up capital already received by the **POSITIVE** is the largest of them all, and is being continually increased; therefore, in this respect, the **POSITIVE** has realized a more powerful position than any of these institutions.

The advantages to Policy-holders of a large paid-up capital are : that undoubted security is, at starting and throughout, provided for meeting claims, instead of a capital being accumulated out of profits to be drawn from Policy-holders; that all expenses of forming the Company are provided by Shareholders; and that when the Shareholders are numerous (in the POSITIVE they comprise two thousand five hundred persons drawn from all classes of the public) a valuable constituency is created, the influence of which, for all purposes, must far more than repay the costs attending the raising of the capital and the interest upon it, and whereby Policy-holders benefit even more largely than Shareholders in the shape of increased bonuses.

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EXPLANATION OF THE POSITIVE PLAN.

POSITIVE LIFE ASSURANCE is an entirely new system, which confers several highly important advantages on the Assured never before presented to the public.*

The word "Positive" is employed because it definitely expresses the object now accomplished, namely, that of giving the Assured a "positive" negotiable property for every premium paid; and resting as this does on Government Security, the same end is attained as if the British Government were in fact the insurers under a system of national Life Assurance.

According to general custom, every premium paid on a Life Policy is a "payment" to the office. In most cases it is non-returnable, except the Assured should die whilst the policy is in force.

This defect in Life Assurance is remedied by the Positive system, under which 40 per cent of every premium paid is a "deposit" belonging to the Assured, in the same way as a deposit in a bank, withdrawable at the option of the depositor. Such deposit is represented by a **POSITIVE NOTE**,† free from all conditions, entitling "the bearer" to the sum assured at death, or to withdraw the deposit three days after presentation. This simple arrangement entirely changes the position of the Assured with the office, because he never loses control over his money, full value for which he must receive in some way or other. For, although he can only withdraw 40 per cent of his premium payments, he gets full value for the other 60 per cent by being assured.

Placing the power of withdrawing 40 per cent of all premiums paid in the hands of the Assured, enables them to test the solvency of the Company at any time, in the same manner that depositors in a doubtful bank usually resort to, namely, by taking out their cash; whereas, in ordinary Life Assurance Companies, the Assured possesses no such power; hence the dissatisfaction with Life Assurance and the slow progress it makes with the public.

* See Practical Illustration, page 20.

† See Copy of Positive Note, page 16.

Under the Positive system, this power of redeeming its assurance engagements is always possessed, resulting from investing the whole of the net premiums besides a nominal fifth of the paid-up Capital, in special trust, for the sole purpose of providing for them, and for no other purpose.

The Trust is regulated by deeds, under power contained in the Company's Memorandum and Articles of Association, and the trust funds cannot be made liable, except for assurance engagements, under any circumstances whatever.

The Articles of Association, which form the Charter or Constitution of the Company, direct that "the primary object" of the deeds of Trust "shall be the preservation of the funds for payment of claims which may arise under Positive Policies or Positive Notes," so that "they shall not be applicable to the expenses or general purposes of the Company,"—and these directions have been faithfully adhered to in constituting the trusts.

Under all contingencies, the Assured in THE POSITIVE exercises independent control over the office; he can at any time retire from it without loss; his position is defined at the time he pays his first premium, and nothing can occur to deprive him of any benefit he purchases.

The usual restrictions respecting travelling, foreign residence, paying probate or legacy duty, and all other conditions are abolished: consequently Life Assurance is stripped of all those uncertainties and conditions which have hitherto been connected with it.

EXAMPLE OF THE POSITIVE SYSTEM.

A person aged 30, by paying ten premiums of \$146.87 each,* could purchase a "Positive" Life Assurance for \$2,500, and participate in profits. On paying the first premium, he would receive a Positive Policy for \$2,250, of which the following is a

FORM OF POSITIVE POLICY.

MONTREAL, 19th October, 1873.

Sum Assured, \$2,500, to be paid for by ten annual premiums of \$146.87 each. Number of Policy, 1. Age 30.

James Money, of Montreal, hereinafter called the Assured, having applied to the above-named Company, hereinafter called the Company, to assure his own life, and having delivered a statement

* See Table of Premiums, pages 26 to 28.

to the office, in writing, dated the 18th October, 1873, signed by him, and having paid the first premium of one hundred and forty-six dollars and eighty-seven cents, and having received the first Positive Note for two hundred and fifty dollars, the Company contracts with the Assured, his representatives and assigns, as follows:—

1. The Company will, within three calendar months after sight and proof of the death of the Assured, whilst this policy is in force, pay to the representatives or assigns of the Assured the sum of Two thousand two hundred and fifty dollars, making, together with the first Positive note for two hundred and fifty dollars, Two thousand five hundred Dollars, and also all bonuses accruing to the Assurance.

2. The premium of One hundred and forty-six Dollars eighty-seven cents must be paid on the 19th of October next, and in each of the eight succeeding years, then or within thirty days thereafter.

3. On payment of each premium a Positive note for Two hundred and fifty Dollars, "payable to bearer" three months after sight and the death of the Assured, will be issued.

4. Such Positive notes shall be issued to the legal holder or last known legal holder of this policy.

5. Every such Positive note may be presented at the head office of the Company at any time, and will be redeemed three days after presentation by payment of Fifty-eight Dollars seventy-five cents, and the redemption or payment of such note in favour of, or to bearer, shall discharge the Company as against all parties, and from all claims in respect of the amount of such Positive note.†

6. The payment and redemption of every such Positive note will be made, notwithstanding this policy determines or is, or becomes void.

7. The sum of Two thousand two hundred and fifty Dollars, mentioned above as payable under this policy, independently of the first Positive note, will be reduced by the amount of all Positive notes to be hereafter issued, whether redeemed, outstanding, or not, as per table endorsed hereon.

8. The age of the Assured having been admitted by the Company, this policy is absolutely indisputable.

(Here follow Directors' Signatures, &c.)

* See page 13 and 20.

† This is the statement in the Policy, but holders of Positive Notes can borrow at interest the same amount without cancelling the Insurance. No further security is required than the deposit of the Positive Note, coupled with an engagement of the holder to repay the advance, with interest, as agreed on. See pages 15 and 18.

Having thus explained the nature of a **POSITIVE** policy (which is quite original in form), it will be desirable to bring under notice the distinguishing principle of the **POSITIVE** system, namely, the **POSITIVE** note. This instrument contains two distinct contracts, couched in simple language, but having a most important bearing on the practical working of Life Assurance.

The first contract is an ordinary promissory note, securing "to bearer" the sum assured at death.

The second contract, placing at his disposal a sum of money, obtainable at any time, such sum being placed in Government Securities, in special trust, solely to provide for it. These are the two simple but unconditional contracts combined in a **POSITIVE** note; if it is desired to test their value, safety, convenience and utility, let the ordinary form of conditional policy be contrasted with it, and then their comparative advantages will be seen.

HOW THE POSITIVE NOTE MAY BE CONVERTED INTO CASH.

Supposing the holder of the **POSITIVE** note for \$250 on Mr. Money's life desires to obtain the \$57.75, he could do so by depositing the note; should Mr. Money die, the difference between \$57.75 and \$250.00, namely \$192.25 would be payable to the party who deposited the note, and this, too, without deduction of any kind, except interest on the \$57.75. It will also be observed that by Clause 7 of the policy, the sum assured decreases, year by year, as each premium is paid, and when all the ten payments have been made, the two thousand five hundred dollars is represented by ten **POSITIVE** notes, and the policy is extinguished; all further payments for premiums also ceasing.

DIFFERENCE BETWEEN A POSITIVE NOTE AND AN ORDINARY POLICY.

There is as much difference and improvement between a leasehold property entangled with covenants (under which it may be forfeited), necessity of transfer, and other complications, as compared with the freedom of negotiability and safety of a Bank of England note. The ordinary Life policy may be likened to a lease, with stringent conditions and penalty of forfeiture, while the **POSITIVE** note is analogous to a Bank note on the points of security, negotiability, &c.

The following is a copy of the Positive Promissory Note which the Assured would receive in addition to the policy for \$2,250:—

**POSITIVE GOVERNMENT SECURITY
LIFE ASSURANCE COMPANY, LIMITED.**

HEAD OFFICE—53 BEDFORD SQUARE, LONDON, ENGLAND.

MONTREAL, 19th October, 1873.

POSITIVE PROMISSORY NOTE FOR \$250.

The Positive Government Security Life Assurance Company, Limited, promise to pay to Bearer, Three Months after Sight, and the death of James Money, of Montreal, the sum of Two Hundred and Fifty Dollars.

Counter-signed by	<div style="display: flex; justify-content: space-between;"> A. B. A. E. </div>
Examined	<div style="display: flex; justify-content: space-between;"> Y. Z. C. D. </div>

MEMORANDUM.—This Positive Note is issued under a Policy dated the 19th day of October, 1873, numbered 1, containing a clause that such Positive Note will be redeemed three days after presentation at the Office of the Company in Montreal, by payment of Fifty-eight Dollars and Seventy-five Cents, being the amount standing to the credit of this Note in Government Securities in special trust, being Forty per cent of \$146.87, the amount of Premium paid.

In order to show the progress of Assurance of \$2,500 on Mr. Money's life, attention is invited to the following

ILLUSTRATIVE TABLE.

Number of Annual Premiums paid.	Total amount of Premiums paid.	Amount of "Positive" Notes as each Premium is paid.	Amount of "Positive" Policy each year as each Premium is paid.	Total Amount the Life is Assured for each year.
1	\$ 146.87	\$ 250	\$ 2,250	\$ 2,500
2	293.74	500	2,000	2,500
3	440.61	750	1,750	2,500
4	587.48	1,000	1,500	2,500
5	734.35	1,250	1,250	2,500
6	881.22	1,500	1,000	2,500
7	1,028.09	1,750	750	2,500
8	1,174.96	2,000	500	2,500
9	1,321.83	2,250	250	2,500
10	1,468.70	2,500	...	2,500

As the Assurance progresses, by the payment of the annual premium each year, the sums shown by columns 3 and 4 increase and decrease in relative proportions. When all the ten premiums have been paid, the POSITIVE policy is extinguished, and the \$2,500 assured is represented by ten POSITIVE notes of \$250 each.

Attention is invited to the following considerations in connection with the foregoing table :—

1. The Assurance for \$2,500 is paid for by ten annual premiums. See column 1.
2. For the premium \$146.87 a "POSITIVE" note is at once handed to the Assured for \$250 as well as a POSITIVE policy for \$2,250, making up the full \$2,500 assured.
3. As the number of tenths of the Assurance is paid for, the number of "POSITIVE notes" increase, whilst the amount assured by the POSITIVE policy decreases in proportion.
4. THE SUM ASSURED THROUGHOUT THE TRANSACTION IS \$2,500. THIS IS SUBJECT TO INCREASE BY BONUS.

* Larger or smaller sums may be assured on this system at any age.

note which
\$250 :—

MEMORANDUM.—This Positive Note is issued under a 10-year term, and three days after presentation at the Office of the Company in Montreal, by payment of Fifty-eight Dollars and Seventy-five Cents, being the amount standing to the credit of this Note in Government Securities in special trust, being Forty per cent of \$146.87, the amount of Premium paid.

5. When all the ten annual premiums have been paid, the Assured possesses ten "POSITIVE notes" for \$250 each, being absolute reversions payable at his death. These he can use during life, either by distributing them as gifts, or as financial securities, should he desire to do so, without entailing exposure, or formality of any description.

6. Each "POSITIVE note" bears a cash value amounting to 40 per cent. of the premium paid, which is obtainable at the Office in Montreal at any time, without forfeiting the balance of the Sum Assured; or the same amount can be had as the price for surrender of the Policy; thus offering a fund available in the event of sickness or pecuniary pressure.

This system combines several highly important advantages, all in favour of the Assured, which have never been presented to the public before.

THE TRUSTS OF THE LIFE FUNDS.

These are made up of the net premiums, that is to say, of eighty per cent. of all premiums received by the Company, which is the proportion sufficing to cover the risks undertaken; the remaining twenty per cent. going for expenses, etc. Under the Trusts established by the POSITIVE for accumulating its net premiums for the benefit and security of its Assured, Policy-holders abroad are accorded the immense advantage, that the funds which their premiums go to provide are kept in the custody of local Trustees personally known to themselves, who are subject to their immediate supervision and control; their own Government Securities are availed of for investment, and the monies needed to meet their claims, instead of being remitted to England or elsewhere beyond their reach, are kept as it were under their own eyes and within the controlling power of their own Courts of Justice, without being subject to any liability for other claims of the Company, until the objects of each separate trust are satisfied, by paying or providing for every policy or POSITIVE note issued within the country or district for which the Trust is established. In effect the security of these Trusts is the same as if the business of each locality were transacted by a local company, with the superadded advantage of having the very large capital to fall back upon, at the Head Office, in the event of extraordinary contingencies arising. For instance the Central Life Fund which comprises all premiums received

in the United Kingdom is primarily for the exclusive benefit of Assurers in Great Britain and Ireland;—the Indian Life Funds for Bengal, Madras, and Bombay, are primarily for the exclusive benefit of Assurers in each of the three Indian Presidencies;—the Canadian Life Fund will be primarily for the exclusive benefit of Assurers in the Dominion. Where, however, there is a surplus, it will go to the general enrichment of the Company, and add to its stability; but should there be a loss or deficiency in any one or more Life Funds, the other Life Funds could not be resorted to for making it good. A Life Fund, by success elsewhere in the Company's operations, may therefore have an enhanced security given to it, whilst no loss elsewhere can impair it.

PROFITS TO POLICY-HOLDERS.

The Policy-holders of THE POSITIVE are entitled, by way of bonus, to eighty per cent of all net profits earned, and considering the lucrative results which have proceeded from carefully-worked Life Assurance transactions exclusively,—considering also that the value of human life increases, in consequence of improved sanitary arrangements,—considering that Life Assurance is only very partially developed, and that the Positive system presents new and attractive advantages, destined to command a large business which must yield proportionate profits,—the advantages to the Assured must be very great, and large bonuses must become payable to them which will materially add to the value of their assurances.

PRACTICAL ILLUSTRATION OF THE POSITIVE SYSTEM.

FAMILY PROVISION.

A married professional man, aged 40, enjoying an income of \$5000 per annum, derivable from his personal exertions, desired to make pecuniary provision for his wife and four children, by effecting a Positive Assurance for \$10,000, to be paid for by ten annual premiums of \$702.50 each. See Table at pages 26 to 28.

On payment of the first premium, the Assured became entitled to a Positive note for \$1000, being one-tenth part of the Sum Assured, and also a Positive policy for \$9,000 the two sums making up the \$10,000 assured. Taking advantage of the facilities of the Positive system, the Assured determined on distributing his assurances into five equal parts, giving one to his wife and one to each child. To carry this into effect, instead of taking one Positive note for \$1,000, he divided it into five Positive notes of \$200 each; and by disposing of them as stated, his object was accomplished; the surrender value of the Positive Notes being \$281.01,* which can be borrowed from the office without forfeiting the balance of the sum assured. The Positive policy for \$9,000 would remain in force for twelve months from date of issue, and on payment of each renewal premium would be reduced by \$1000, whilst the Positive notes would be increased by a like amount. The Assured, however, arranged that in the event of his death occurring before having paid all the ten annual premiums, the sum assured, by the Positive policy, should be distributed like the Positive notes. He, however, lived for many years, and paid all the ten annual premiums of \$702.50 each, he receiving each year five Positive notes of \$200 each, which he distributed in the same manner, thereby giving his wife and four children Positive notes for \$2000 each, payable at his death, or convertible into cash at any time to the extent of \$2,810. The Assured's income being released from further payment on account of Life Assurance, constituted a great advantage to himself and family. At his death, the Positive notes were presented to the office for payment by the holders, and being payable "to bearer," the several sums were paid, free from all deductions for probate or other duty, and without the names of the receivers being required by the Office.

OF WHOM PROSPECTUSES MAY BE HAD.

Prospectuses, Forms of Proposal for Assurances, Applications for Shares, and further information, may be obtained at the Offices of the Company, 353 Notre Dame Street, Montreal, and of the District Managers.

* This is 40 per cent. of the premium.

TABLES OF PREMIUMS

EMPLOYED BY

THE POSITIVE.

THE POSITIVE has adopted the National English life table as the basis of its premium calculations, because it is believed to express the value of human life more correctly than any other yet constructed. This Table is produced by the Registrar-General's Department, Somerset House, a Government office, which is devoted to collecting statistics respecting the births and deaths amongst the population of England and Wales, and therefore possesses better sources of information than can be obtained elsewhere. The table is employed by the Government as a standard of life value. For this reason the Directors of THE POSITIVE have caused a set of tables of premiums to be calculated on it, after making every necessary allowance for the risks of foreign residence and travel, believing that in adopting this course they are best consulting the permanent stability of the Institution.

It should be borne in mind that the ultimate safety of a Life Office, and its power to discharge its engagements, mainly depend upon employing a table of premiums that is sufficient to cover the risks incurred. Should the premiums be insufficient to provide for assurances effected,—that is to say, supposing the business to be conducted at unremunerative rates, every assurance effected must be what is popularly termed “a bad debt”—the result, eventually, being bankruptcy. Capital could not mitigate, but only aggravate, such a state of affairs. Fortunately, the tables of premiums employed by old Life Offices, in England as well as the Colonies, have been higher than they need have been; they were constructed long ago, when very imperfect knowledge prevailed with respect to the value of human life, when sanitary improvements had scarcely been attempted, and (as regards the Indian tables) when the risks to life from climate and other causes was out of all proportion to those now prevailing. The mistake was, so far as the offices were concerned, on the right side—the *young* lives were charged *far more* for their assurances than

they should have been, whilst the *older* lives were charged *less*, and as the great majority of persons who assured were *young*, the offices rapidly accumulated large sums of money, which enabled them to declare what were termed "Profits," or "Bonuses," but which, in reality, should be termed "Returns of Overpaid Premiums." To this source of Bonus-declaring power must be added the injustice of Policy-lapsing, which certainly disfigures Life Assurance. The Equitable Society is an illustration of the defects referred to. This great Institution, by employing Dr. Price's Northampton Table, (which is defective on the points stated) from the extent of its transactions, amassed millions of money, and it has distributed some sixteen millions sterling as "Bonuses" or "Profits"—not amongst *the whole* of its members, but only amongst those who were able to maintain their policies in force—the others lost all—their policies, and all sums paid on them. To what extent this latter injustice has been carried out is proved by the late actuary of the Equitable Society, who recorded "that he did not believe that *one-half* of the Assurances which were made during the first twenty-five years *for the whole of life* have been continued till they become claims, or even surrendered for a valuable consideration," (!) he declared, "had been no inconsiderable source of profit." No doubt this was the case; those unfortunate Assurers who were *compelled* to lapse their policies and all sums paid on them, provided the Society with funds to distribute "Profits" so called, and the Society has, in consequence, enjoyed a reputation for having declared larger "Bonuses" than any other kindred Institution. But let us enquire whether a system of Life Assurance which confers benefits on its Assured in a *partial* manner, one that draws a line between its members, in favour of those who are wealthy, and adds to their wealth "Profits," comprised mainly of sums paid by the poorer members, and forfeited in consequence of misfortune, can be fairly termed "equitable"? Yet this is precisely what "The Equitable" Society has done, and if its transactions from the commencement of its career in 1762 down to the present time could be analyzed, and accounts rendered of the sums forfeited as "Lapsed Policies," amongst those fortunate assurers who are enabled to continue paying premiums, it may safely be assumed *that the majority of those who took out policies were losers by their connection with the Society.*

The Equitable Society, as one of the earliest pioneers of Life Assurance, has nevertheless rendered valuable service to the world, and must always be referred to with respect. If in its action there was an absence of equity, it arose from a want of that information respecting the value of human life, which in these days we happily possess. We are now enabled to arrange Life Assurance transactions on a really equitable and sound basis—that is, to charge a fair and graduated rate of premium for each year of age; and by altogether ignoring the harsh system of policy-lapsing, as “The Positive” plan does, and substituting for it the principle of giving every assured a definite proportion of the sum assured for each premium paid as an unconditional property, we realize a thoroughly Equitable “Positive” system of Life Assurance, under which every assured derives full value for all sums paid as premiums, the effect of which on the public generally, when the system is understood, will be to render Life Assurance infinitely more acceptable, and consequently more extensively adopted than it has hitherto been, and correspondingly profitable to the Company.

In order to simplify the working of the Positive system, the Tables of Rates have been calculated on the principle of charging a definite number of annual, half yearly, or quarterly premiums, to suit the convenience of the assured. To this end the following Tables and Examples are submitted, namely:—

TABLE A.

This Table is for Annual Premiums. It shows the cost of a Positive Life Assurance for \$1000, to be paid for by 30, 25, 15, 10 or 5 Premiums, together with the amount of Positive Note given for each Premium paid.

TABLE B.

This Table is for Half-Yearly Premiums. It shows the cost of a Positive Life Assurance for \$1,000, to be paid for by 60, 50, 40, 30, 20, or 10 Premiums.

TABLE C.

This Table is for Quarterly Premiums. It shows the cost of a Positive Life Assurance for \$1,000, to be paid for by 120, 100, 80, 60, 40, or 20 Premiums.

These Tables have been framed with a view to meeting the convenience of all classes. As a general rule, the sooner an assurance is paid for, under the Positive system, the better for the assured, because it is made absolute, and all payments cease. For instance, suppose a man at the age of 30 to assure for \$1,000, and elect to pay his premiums by five annual premiums, in five years he would possess five Promissory Notes for \$200 each, making up the \$1,000 assured, having nothing more to pay; whereas, if he elected to pay by thirty annual premiums, he could not get in the same position for thirty years. As a general rule, a man can more clearly see his way five years to come, than thirty; hence the advantage.

EXAMPLES.

TABLE A.—A person aged 30 may assure the sum of \$1,000 by paying either Thirty Premiums of \$28.42 each, Twenty-five Premiums of \$31.13 each, Twenty Premiums of \$35.46 each, Fifteen Premiums of \$43.08 each, Ten Premiums of \$58.75 each, or Five Premiums of \$106.79 each. On payment of each Premium, the assured would receive a Positive Note for a Thirtieth (\$33.33); a Twenty-fifth (\$40.00); a Twentieth, (\$50.00); a Fifteenth (\$66.66); a Tenth, (\$100.00); or a Fifth (\$200.00) part of the \$1,000 assured, regulated by the number of Premiums paid. Besides the Positive Notes, the Assured would hold a Positive Policy for the Balance of the sum assured, as long as the Renewal Premiums were paid, less the Positive note issued.

TABLE B.—A person aged 30 may assure the sum of \$1,000 by paying either Sixty Premiums of \$14.92 each, Fifty Premiums of \$16.33 each, Forty Premiums of \$18.63 each, Thirty Premiums of \$22.63 each, Twenty Premiums of \$30.88 each, or Ten Premiums of \$56.08 each. On payment of each Premium, the assured would receive a Positive Note for a Sixtieth (\$16.66); a Fiftieth (\$20.00); a Fortieth (\$25.00); a Thirtieth, (\$33.33); a Twentieth (\$50.00); or a Tenth (\$100.00) part of the \$1,000 assured, regulated by the number of Premiums paid. Besides the Positive Notes, the assured would hold a Positive Policy for the

balance of the sum assured, as long as the Renewal Premiums were paid.

TABLE C.—A person aged 30 may assure the sum of \$1,000 by paying either One Hundred and Twenty Premiums of \$7.67 each, One Hundred Premiums of \$8.33 each, Eighty Premiums of \$9.54 each, Sixty Premiums of \$11.58 each, Forty Premiums of \$15.83 each, or twenty Premiums of \$28.71 each. On payment of each Premium, the assured would receive a Positive Note for a One Hundred and Twentieth (\$8.33) an One Hundreth (\$10.00); an Eightieth, (\$12.50); a Sixtieth (\$16.66); a Fortieth (\$25.00); or a Twentieth (\$50.00) part of the \$1,000 assured, regulated by the number of Premiums paid. Besides the Positive Note, the assured would hold a Positive Policy for the balance of the sum assured, as long as the Renewal Premiums were paid.

Official Communications.

It is requested that all communications may be addressed to
F. C. IRELAND, MANAGER FOR CANADA, 353 Notre Dame St.,
MONTREAL.

TABLE A.

Showing the cost of a Positive Government Security Life Assurance of \$1000, paid for by 30, 25, 20, 15, 10, or 5 Annual Premiums; and also the relative amounts of Positive Notes purchased by such Premiums in each case. With participation in Profits.

Age next Birthday.	30	25	20	15	10	5	Age next Birthday.
	Premiums	Premiums	Premiums	Premiums	Premiums.	Premiums.	
	Amount of Positive Note for each Premium paid, being One Thirtieth part of each \$1000 Assured.	Amount of Positive Note for each Premium paid, being One Twenty-fifth part of each \$1000 Assured.	Amount of Positive Note for each Premium paid, being One Twentieth part of each \$1000 Assured.	Amount of Positive Note for each Premium paid, being One Fifteenth part of each \$1000 Assured.	Amount of Positive Note for each Premium paid, being One Tenth part of each \$1000 Assured.	Amount of Positive Note for each Premium paid, being One Fifth part of each \$1000 Assured.	
	\$33.33	40.00	50.00	66.66	100.00	200.00	
ANNUAL PREMIUMS FOR EACH \$1000 ASSURED.							
20	\$23.54	\$25.96	\$29.79	\$36.38	\$49.92	\$91.08	20
21	23.96	26.42	30.25	36.96	50.71	92.54	21
22	24.38	26.88	30.79	37.58	51.50	93.96	22
23	24.83	27.33	31.29	38.21	52.33	95.46	23
24	25.29	27.83	31.83	38.83	53.17	96.96	24
25	25.75	28.33	32.42	39.50	54.04	98.50	25
26	26.25	28.83	33.00	40.17	54.96	100.08	26
27	26.79	29.38	33.58	40.88	55.88	101.71	27
28	27.29	29.96	34.17	41.58	56.83	103.38	28
29	27.83	30.54	34.79	42.23	57.79	105.08	29
30	28.42	31.13	35.46	42.98	58.75	106.79	30
31	29.00	31.75	36.13	43.83	59.79	108.58	31
32	29.63	32.38	36.79	44.63	60.83	110.42	32
33	30.29	33.04	37.54	45.46	61.92	112.29	33
34	30.96	33.71	38.29	46.33	63.00	114.21	34
35	31.63	34.42	39.04	47.17	64.13	116.17	35
36	32.38	35.17	39.83	48.08	65.29	118.17	36
37	33.17	35.92	40.63	49.00	66.50	120.21	37
38	33.96	36.75	41.46	49.98	67.71	122.29	38
39	34.83	37.58	42.33	50.96	69.00	124.46	39
40	35.71	38.46	43.25	51.96	70.25	126.63	40
41	36.67	39.38	44.21	53.04	71.58	128.88	41
42	37.07	40.38	45.17	54.13	72.96	131.17	42
43	38.71	41.38	46.21	55.21	74.33	133.50	43
44	39.88	42.46	47.29	56.38	75.79	135.86	44
45	41.04	43.63	48.42	57.58	77.25	138.33	45
46	42.33	44.83	49.63	58.83	78.79	140.83	46
47	43.67	46.13	50.88	60.13	80.33	143.38	47
48	45.13	47.46	52.21	61.50	81.92	146.00	48
49	46.67	48.92	53.63	62.92	83.58	148.67	49
50	48.33	50.50	55.13	64.46	85.33	151.42	50
51	50.13	52.21	56.71	66.04	87.13	154.21	51
52	52.04	54.00	58.46	67.75	89.04	157.08	52
53	54.13	55.96	60.29	69.63	91.04	160.00	53
54	56.38	58.08	62.29	71.58	93.17	163.08	54
55	58.79	60.42	64.50	73.71	95.46	166.29	55
56	61.42	62.92	66.86	76.04	97.96	169.75	56
57	64.29	65.67	69.46	78.54	100.63	173.00	57
58	67.29	68.54	72.17	81.13	103.33	177.08	58
59	70.50	71.58	75.04	83.83	106.08	180.71	59
60	73.83	74.79	78.04	86.67	108.96	184.42	60

TABLE B.

Showing the cost of a Positive Government Security Life Assurance of \$1000, paid for by 60, 50, 40, 30, 20, or 10 Half-yearly Premiums; and also the relative amounts of Positive Notes purchased by such Premiums in each case. With participation in Profits.

Age next Birthday.	60	50	40	30	20	10	Age next Birthday.
	Premiums	Premiums	Premiums	Premiums	Premiums	Premiums	
	Amount of Positive Note for each Premium paid, being the sixtieth part of each \$1000 Assured.	Amount of Positive Note for each Premium paid, being the Fiftieth part of each \$1000 Assured.	Amount of Positive Note for each Premium paid, being the Fortieth part of each \$1000 Assured.	Amount of Positive Note for each Premium paid, being the Thirtieth part of each \$1000 Assured.	Amount of Positive Note for each Premium paid, being the Twentieth part of each \$1000 Assured.	Amount of Positive Note for each Premium paid, being the Tenth part of each \$1000 Assured.	
	16.66	20.00	25.00	33.33	50.00	100.00	
HALF-YEARLY PREMIUMS FOR EACH \$1000 ASSURED.							
20	\$12.33	\$13.63	\$15.63	\$19.13	\$26.21	\$47.83	20
21	12.58	13.88	15.88	19.42	26.63	48.58	21
22	12.79	14.13	16.17	19.75	27.04	49.33	22
23	13.04	14.38	16.46	20.08	27.50	50.13	23
24	13.29	14.63	16.71	20.42	27.92	50.92	24
25	13.54	14.88	17.04	20.75	28.38	51.71	25
26	13.79	15.17	17.33	21.08	28.88	52.54	26
27	14.08	15.42	17.65	21.46	29.33	53.42	27
28	14.33	15.71	17.96	21.83	29.83	54.29	28
29	14.63	16.04	18.29	22.21	30.33	55.17	29
30	14.92	16.33	18.63	22.63	30.88	56.08	30
31	15.25	16.67	18.96	23.04	31.42	57.00	31
32	15.58	17.00	19.33	23.46	31.96	58.00	32
33	15.92	17.33	19.71	23.88	32.50	58.96	33
34	16.25	17.71	20.13	24.33	33.08	59.96	34
35	16.63	18.08	20.50	24.79	33.67	61.00	35
36	17.00	18.46	20.92	25.25	34.29	62.04	36
37	17.42	18.88	21.33	25.75	34.92	63.13	37
38	17.83	19.29	21.79	26.25	35.54	64.21	38
39	18.29	19.75	22.25	26.75	36.21	65.33	39
40	18.75	20.21	22.71	27.29	36.88	66.50	40
41	19.25	20.67	23.21	27.88	37.58	67.67	41
42	19.79	21.21	23.71	28.42	38.29	68.88	42
43	20.32	21.75	24.25	29.00	39.04	70.08	43
44	20.92	22.39	24.83	29.63	39.79	71.33	44
45	21.54	22.88	25.42	30.25	40.58	72.63	45
46	22.21	23.54	26.04	30.92	41.38	73.96	46
47	22.92	24.21	26.71	31.58	42.17	75.29	47
48	23.71	24.92	27.42	32.29	43.00	76.67	48
49	24.59	25.71	28.17	33.04	43.88	78.04	49
50	25.38	26.54	28.96	33.83	44.79	79.50	50
51	26.33	27.42	29.79	34.67	45.75	80.96	51
52	27.33	28.38	30.71	35.58	46.75	82.50	52
53	28.42	29.38	31.67	36.54	47.79	84.00	53
54	29.63	30.50	32.71	37.58	48.92	85.63	54
55	30.88	31.75	33.88	38.71	50.13	87.33	55
56	32.25	33.04	35.13	39.92	51.42	89.13	56
57	33.75	34.42	36.46	41.21	52.83	91.08	57
58	35.33	35.96	37.92	42.58	54.25	92.96	58
59	37.04	37.58	39.42	44.04	55.71	94.88	59
60	38.75	39.29	40.96	45.50	57.21	96.83	60

TABLE C.

Showing the cost of a Positive Government Security Life Assurance of \$1000, paid for by 120, 100, 80, 60, 40, or 20 Quarterly Premiums; and also the relative amounts of Positive Notes purchased by such Premiums in each case. With participation in Profits.

Age next Birthday.	120	100	80	60	40	20	Age next Birthday.
	Premiums	Premiums	Premiums	Premiums	Premiums	Premiums	
	Amount of Positive Note for each Prem. paid, being the One Hundred & Twentieth part of each \$1000 Assured.	Amount of Positive Note for each Prem. paid, being the One Hundredth part of each \$1000 Assured.	Amount of Positive Note for each Prem. paid, being the Eightieth part of each \$1000 Assured.	Amount of Positive Note for each Prem. paid, being the Sixtieth part of each \$1000 Assured.	Amount of Positive Note for each Prem. paid, being the Fortieth part of each \$1000 Assured.	Amount of Positive Note for each Prem. paid, being the Twentieth part of each \$1000 Assured.	
	\$ 8.33	\$ 10.00	\$ 12.50	\$ 16.66	\$ 25.00	\$ 50.00	
QUARTERLY PREMIUMS FOR EACH \$1000 ASSURED.							
20	\$6.33	\$7.00	\$8.00	\$9.79	\$13.42	\$24.50	20
21	6.42	7.13	8.13	9.96	13.63	24.88	21
22	6.54	7.25	8.29	10.13	13.88	25.25	22
23	6.67	7.38	8.42	10.29	14.08	25.67	23
24	6.83	7.50	8.58	10.46	14.29	26.08	24
25	6.96	7.63	8.75	10.63	14.54	26.50	25
26	7.08	7.79	8.88	10.79	14.79	26.92	26
27	7.21	7.92	9.04	11.00	15.04	27.38	27
28	7.33	8.04	9.21	11.21	15.29	27.79	28
29	7.50	8.21	9.38	11.46	15.54	28.25	29
30	7.67	8.33	9.54	11.73	15.83	28.71	30
31	7.83	8.54	9.71	11.79	16.08	29.21	31
32	8.00	8.71	9.92	12.04	16.38	29.71	32
33	8.17	8.88	10.08	12.25	16.67	30.21	33
34	8.33	9.08	10.33	12.46	16.96	30.71	34
35	8.50	9.25	10.50	12.67	17.25	31.25	35
36	8.71	9.46	10.71	12.96	17.58	31.79	36
37	8.92	9.67	10.92	13.21	17.88	32.33	37
38	9.13	9.88	11.17	13.46	18.21	32.88	38
39	9.38	10.13	11.42	13.71	18.54	33.46	39
40	9.63	10.38	11.63	14.00	18.88	34.04	40
41	9.88	10.58	11.88	14.29	19.25	34.67	41
42	10.13	10.83	12.17	14.54	19.63	35.25	42
43	10.42	11.13	12.42	14.83	20.00	35.88	43
44	10.71	11.42	12.71	15.17	20.38	36.54	44
45	11.04	11.71	13.04	15.50	20.79	37.21	45
46	11.38	12.04	13.33	15.83	21.21	37.88	46
47	11.75	12.38	13.67	16.17	21.58	38.54	47
48	12.13	12.75	14.04	16.54	22.04	39.25	48
49	12.54	13.17	14.42	16.92	22.46	39.96	49
50	13.00	13.58	14.83	17.33	22.96	40.71	50
51	13.50	14.04	15.25	17.75	23.42	41.46	51
52	14.00	14.54	15.75	18.21	23.96	42.25	52
53	14.54	15.04	16.21	18.71	24.46	43.00	53
54	15.17	15.63	16.75	19.25	25.04	43.83	54
55	15.83	16.25	17.33	19.83	25.67	44.71	55
56	16.54	16.92	18.00	20.46	26.33	45.63	56
57	17.29	17.63	18.67	21.13	27.04	46.58	57
58	18.08	18.42	19.42	21.79	27.79	47.58	58
59	18.94	19.25	20.21	22.54	28.54	48.58	59
60	19.83	20.13	21.00	23.29	29.29	49.58	60

OTHER SYSTEMS OF INSURANCE

Are adopted by the Company to meet the wishes and convenience of Assurers, whereby sums may be assured for short terms, and by payments of Premium during the whole term of life, upon rates of premium considerably below those required under the *Positive system*.

Although under these systems no Positive Notes are issued, the net premiums are, as in the case of Positive Policies, invested in Trust; and the same measure of security is thus afforded to all Assurers, whatever system of assurance they may select.

The Company will also be prepared to issue Endowment Policies. The Table of Premiums for other than Positive Policies can be obtained on application at the Office.

SPEECH of the Right Hon. LORD SANDHURST, G.C.B., G.C.S.I., etc. etc., delivered at the Meeting held at the Chief Offices on 3rd June, 1872.

LORD SANDHURST.—*Mr. President and Gentlemen:* After the appeal which has been made to me, and the very handsome terms in which my name has been mentioned, it is impossible for me to remain silent. I beg to assure you that my interest was created in this Company in a perfectly independent manner, in consequence of my becoming acquainted with the constitution and principles on which this Company has been formed, with a view of relieving the public from the strange uncertainties which have pervaded the whole business of Life Assurance since the terrible and extraordinary failures, of which we have become cognizant during the last two or three years. (Hear, hear.) It was my fate to be in India in an important office at the time that the Albert Insurance Company failed. Besides being in a public situation, I was in society which made me aware of the excessive misery caused by the failure of the Albert Company, and I was also one of those who suffered by the failure itself. I had been for a great many years a policy-holder in the Albert; and therefore I felt personally, as well as officially, and as a public man, all the evils consequent upon the failure of that company. Well, gentlemen, as observed by the President, it is almost impossible to exaggerate the results, the misery, the exceeding misery, caused to individuals in the society in which we move, by the failure of such a company as the Albert. (Hear, hear.) Well, if I looked at the articles of agreement on which all other insurance companies are formed; if I look at what are believed to be the securities afforded by the legislature to those who hold policies in those companies, I confess that I am not impressed with the nature of the security, or with the belief that those who are insured are guaranteed from misfortunes similar to those which have been sustained by the insurers in the office to which I have alluded. Well, if I understand the plan of this Company aright, it is that we should give first the insurers an absolute security; that it is for the shareholders afterwards to look for profit, but that profit is to be an absolutely secondary consideration to the interests of those who hold the policies. This Company, carried fairly out, will be a great and immediate benefit to those who hold the policies of the Company, but it will set an example which will be felt, not only throughout the country, but in the United States, and wherever the English language is spoken. (Hear, hear.) Well, what is that principle? I take it to be this, and if I state it incorrectly, the President will correct me—that at the bottom of each receipt for an annual premium, an absolute security is assured to him who pays that premium in the form of what is called the “Positive” Note.

**MURST,
Meeting
1872.**

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This note is payable in just the same way as a note of the Bank of England. If the insurer chooses to redeem that note, on producing it at the office he will receive 40 per cent of the amount which he has paid. If, on the other hand, he allows the note to run on to the end of his life, he is insured by the Guarantee Fund against the possibility of the loss. And there is another feature about this note, that, if he chooses to stop the payment of future premiums, he is absolutely guaranteed from losing the benefit of previous premiums. So far as I am acquainted with the practice of other insurance offices, this is the great novelty of the plan—a novelty the importance of which it is impossible to exaggerate, because it may occur to every one of us to be overcome by misfortune; it may occur to any—or every one of us—from causes which it is impossible to anticipate, that the premiums which we might be able to pay one day, it is impossible for us to discharge the next. Well, we cannot conceive a more terrible hardship, a more terrible misery to befall a man than to be told when he is ruined for the present, that his family is ruined for the future. And that is the case when an insurance policy is forfeited, when a man who has paid premiums for fifteen, twenty, or thirty years, and in consequence of misfortunes is obliged to stop paying, is told that all his former premiums go for nothing. In THE POSITIVE the insurer is fully guaranteed by the redemption of the premiums he has already paid; and I say, the importance of that principle as affecting the public, and as affecting more especially that portion of the public which lives on moderate incomes—persons in trade, or persons who receive the small emoluments attached to official positions—the importance of this principle affecting persons who find that a misfortune prevents them at present from continuing the payment of their premiums—at all events, on their death, those “Positive” Notes must bring their full value to those who come after them—I say, the importance of that principle, if fairly developed, will have an effect on our fellow-creatures who most require assistance in those matters which, as I said before, cannot possibly be exaggerated. There is one thing I may say, with regard to the Army and the Civil Service in India: those who are in those services are, as you know, exposed to many considerable risks. Now, it is of immense importance to a man when he is about to proceed on active service to be aware, that if he leaves a certain number of these “Positive” Notes behind him, and in the service of his country he is overtaken by calamity, and loses his life in that service, at all events those Notes remain as an alleviation of the misery which overtakes every family when the head of that family departs this life. I must say, that when I read the plan of this Company, my thoughts reverted to the profession to which I belong; and I may say, that if there is any section of my countrymen to whom this scheme will be of advantage, it is to the officers of the British army. On that ground, if on no other, I should be delighted to become a shareholder in this Company;

and as I understand from my friend, the General Superintendent, that it is very likely you will be able to extend your operations to India, I will say, that it will be of immense importance, not only to the army of India, which is exposed to great difficulties and dangers, not only from active service, but also from the climate of that country, but it will also be extremely welcome to the gentlemen who belong to the Civil Service, and those engaged in trade, and are otherwise employed in that country. (Loud cheers.)

**EXTRACT from REPORT OF MEETING held at the
Chief Offices on the 25th March, 1872.**

MR. HUGHES, Q.C., M.P.—Well, Mr. Chairman and Gentlemen. I have been for a good many years connected with the old system of Life Assurance; I am a director of probably the most successful professional office that exists, the Equity and Law Life Assurance Company, which has been in existence twenty-five years, but has attained a position in the insurance world, as it is, at least, I think I may confidently say, second to none of any of the Life Offices in this country. I have felt ever since I have been connected with insurance business, that there was that startling defect in the system which has been already so well alluded to by preceding speakers. I assured my own life in a very considerable sum many years ago; but I always felt that it was a great risk, and one that a prudent man had scarcely a right to undertake for the rest of his life, to pay certain sums every year in order to keep up his insurance, without any positive and tangible security for any portion of those payments, supposing he failed to be able to make them at any future period, through illness or misfortune, or from any other cause. I felt that difficulty, and that was one reason (when I saw an office come forward which I think solves that problem, and offering to persons desiring to do that very proper thing—insure their lives—a tangible security *pro tanto* for every amount that they paid by way of investment) why I felt at once it was my duty to give the most careful consideration, and if I could see my way, to give it any help that it was in my power to give. But that was not my only reason for joining the “POSITIVE ASSURANCE SOCIETY” I was also to a certain extent cognizant of those terrible failures that have taken place within the last few years, and which have so shaken the confidence of the public—and shaken it very naturally—in Life Assurance altogether. I confess that these failures seem to me to have been amongst the most disgraceful and most unfortunate circumstances that have happened in England, almost within my memory; and I confess when I saw the wide-spread misery which

those failures occasioned, I did feel that one would be glad, as being connected with Life Assurance, to assist in any way one could any society which should come forward and should by some arrangement such as you have made, insure—absolutely insure—investors against the loss and squandering of the money which they had for many years painfully put by for their families when they came forward after death, therefore, this Society would have come before me with almost unanswerable claims to my support, even if I had known nothing of the persons who are interested in putting it forward were men who were likely to be true to their word, and to conduct any business that they took in hand with perfect integrity. Well, as to this point, I had the satisfaction of knowing that one of my oldest friends—Mr. J. D. Bell, whom I have known for many years, and for whose ability and integrity I could answer as for my own, and of whom I should say much more were I not speaking in his presence—I say, when I found that he had become the Chairman of the “POSITIVE ASSURANCE COMPANY,” I felt no longer the slightest hesitation, and I determined to give, as I hope I always shall give, the very best help that I can give to the business which you are about to start. I have most unbounded confidence in its future (cheers), and I do think that very great credit is due to Mr. Baylis, or whoever was the gentleman who thought it out.

The CHAIRMAN.—Mr. Baylis solely.

Mr. HUGHES.—Well, to Mr. Baylis, alone, then. The greatest possible credit is due to him from every person who is connected with Life Assurance, for the simple and admirable manner in which he has thought out the problem, and in which he has met it. I confess that I think the system which you are about to start—or, rather, which you have started so successfully—has solved the great difficulties of Life Assurance, especially as regards the smaller insurers—the persons who depend more especially upon life incomes, and upon health, and I can say whatever help I can give to this Society will be most heartily given. I have not the least doubt of your success, and I think you are wise in taking the very high ground that you have taken. I do feel, that under the circumstances, you are quite justified in that assurance of another kind, which leads you to come forward and say that you intend to ask £25 per cent. premium upon all the capital you take after your first issue of £100,000, and that the success you will realize will justify you in laying down so stringent a rule as to your future conduct. I have great pleasure in being here to-day, and I am sure I speak for my brother Trustees, when I say that anything we can do to assist the Company will be done with the greatest heartiness, and the most unbounded confidence in your undertaking (cheers).

Mr. CHAYTOR.—Gentlemen, it is not often I intrude myself on meetings of this description, but I cannot resist the opportunity given to me on this occasion, of addressing a few words to you as

to my connection with this Company. Some few months ago now, your very admirable Chairman, and a friend of mine that I see on the left, waited on me, and asked me to become one of the Trustees of the Company. Being somewhat given to investigate all subjects coming before me before I attach myself to them, I requested that the trust-deed (to which they wished me to attach my name) should be left with me for my examination. This was done, and I gave to it the careful examination which, perhaps, my friends will say I generally give to such matters of business; and after carefully considering it, I could only wish the institution which was then about to be established the most absolute success. The principles there laid down carried conviction to my mind as to their truth and justice, and I believed that in adding my name to the list of Trustees, I was assisting in the formation of an institution which would be of incalculable benefit to all who sought its shelter. The objects of this meeting have been so fully and ably expressed, by all who preceded me, that it is unnecessary for me to trouble you with any further observations, but I feel much pleasure in adding my testimony to its admirable design, and wish it all prosperity, and that it will meet with the most absolute success (cheers).

OPINIONS

OF THE

English and Colonial Press

CONCERNING THE

NEW SYSTEM OF LIFE ASSURANCE

INTRODUCED BY THE

POSITIVE GOVERNMENT SECURITY
LIFE ASSURANCE COMPANY, LIMITED.

"THE TIMES," LONDON, JANUARY 1st, 1869.

"It is now pretty generally known that the surrender value of an ordinary Life Policy is for years worth next to nothing, and that even when the Policy has acquired some value the surrender price is totally disproportionate to the Premiums that have been paid. It is true that the gains on insurance from lapsed Policies swell the profits of an office, and that on the mutual principle, those lives are not enabled to hold on, participate in the surplus derived from such source of revenue; but the dread of the risk of forfeiture of the sum insured, and of the loss of the value of the Policy, have hitherto proved great obstacles to the extension of Life Insurance, for if the insured at any time should fail to pay the annual Premium when due, the Policy would be forfeited, and any fraction which might be allowed for it would be accorded as a pure act of grace, and be uncertain in its amount. By a new system, an insurant can, at any time, after having paid his first Premium, even when the Policy is only one year old, draw out, either as a loan, or as the surrender value of his Policy, rather less than one-half of the whole amount of the Premiums that have been paid. As each Policy has a current realizable value, it becomes a security as readily negotiable as a bank note, and can at any time be converted into cash. The only form of investment allowed is Government security. Eighty per cent. of the Premiums is invested in the funds, at compound interest, to provide for the Policies; the remaining twenty per cent. being set apart for expenses. The Insurance Premiums being thus invested in the Government Funds, the risk necessarily attendant upon doubtful security is avoided. Even to persons of settled and certain means the loss of all control over their contributions, and the compulsion

to go on paying the Premiums punctually, down to death, under pain of forfeiture, are objectionable; but to the million whose incomes are uncertain, and which might perish on an interruption of health, a decline in business, or the approach of old age, the system of insurance in general use presents great hardships. Contrasting this plan of Life Insurance with that heretofore in operation, it will be found that insurers enjoy privileges of a most valuable character; and the public will do well to look into the principle of the new system now in operation, which offers perfect security and also protects their rights and interests."

"MORNING POST," LONDON, MAY 30TH, 1869.

"By this plan a definite value from the moment it is entered into is given to every Policy, which is stated at the time of issue, and can at any time be withdrawn at the option of the assurer and that too, without losing the advantages derivable to his family from his insurance, unless he discontinues his annual payments, when of course the Policy lapses, as in other Companies. To insure those advantages the whole of the Premiums with the exception of 20 per cent. reserved for expenses, bonuses, &c., are to be invested in Government Securities—none other being allowed—in the names of the trustees, when the amounts invested can only be touched for the purpose of paying claims, or for the withdrawal of the surrender value of the assurer with the society and which amounts to close upon 40 per cent. paid in Premiums on the Policies in force. The principle appears to be one which cannot fail to recommend itself to intending assurers, and if honestly carried out, which we have no reason to doubt it will be, is likely to effect a most important and equitable revolution in the practice of Life Assurance.

"GLOBE," LONDON, JULY 9TH, 1872.

All that policyholders need to secure absolute safety are the proper investment of the reserve funds—that is, the premiums they pay,—and adequate provision for the proper surrender value of their policies, so that the premiums paid may not be wholly lost. In other words, while the premiums paid should, as nearly as possible, be assimilated to a Bank deposit, so as to be available at any time, the utmost certainty should also be felt as to the absolute safety of the sum assured at death. These conditions being provided for, life assurance will speedily recover its popularity with the provident classes, and no longer fail to serve the important social purposes for which it is intended. All will be satisfied when those who live long and pay most premiums, and those who die young and pay fewest premiums, are equally secured with absolute certainty. What is required is that policies and premiums of the assured should both be based upon Government securities. The Positive Government Security Life Assurance Company, Limited, does this in the most effective way.

"REPORTER," LONDON, JANUARY 13TH, 1872.

When the singularly novel, accurate, and attractive plan of Life Assurance business proposed to be set on foot by this Company, and now actually in operation, was first privately circulated about eighteen months bygone, our readers may remember that we devoted eight or nine columns to its thorough exposition and explanation. Life Assurance had at that time received so terrible a shock by the shocking failure of the Albert and the exposure of the thorough rottenness of the European, that we felt we were discharging neither more nor less than a public duty in helping to give publicity to a unique system of Life Assurance, whereby the public would be most efficiently protected in the future by the adoption of the new system, from even the remote possibility of having the moneys paid to it for the sacred purpose of Life Assurance alienated in any way whatever, from the express purpose for which they were paid, either by mismanagement, ill-luck, or misfeasance. This is what the public lacked, what they mean to have, and having now got, will cease to cast their money into snares and pitfalls. Briefly, this new system is unlike any other known plan of Life Assurance, because it provides—1st. Government Securities for Assurances; 2nd. A Negotiable Promissory Note for each Premium, payable "To Bearer" on the death of the Life Assured; or is convertible into Cash, to the extent of forty per cent of the Premiums paid, at any time, three days after sight, without forfeiting the balance of the Sum Assured.

"MONTREAL HERALD," SEPTEMBER 24TH, 1873.

An English Insurance Company under the name of the Positive Government Security Life Assurance Company, Limited, has notified its intention to commence business in Canada, and there being so many other institutions already competing for assurances, it has, very judiciously, explained the ground on which its system is based. Of ordinary Life Assurance we have already an abundance and no new association can hope for any marked success, unless it claims some merit or advantage peculiarly its own. What insurers should chiefly look for are, perfect security, an intelligible contract divested of all unnecessary conditions, and a fair price upon surrender, in the event of circumstances leading to the discontinuing of premium payments. The aim of the inventor and founder of the Positive plan seems to have been, not only to meet all these essential requirements, but to go even further, and by a well digested scheme, to give to the insurance contract of the Positive Company, a monetary value equal in point of security, convertibility and negotiability to that possessed by a Bank of England note. Nobody, carefully perusing the advertisement which appeared in our columns yesterday, can fail to be struck with the magnitude of the reform now attempted. A complete revolution is attempted in Life Assurance by Mr. Baylis' plan, and it appears to us that if it becomes fully known and understood by the insuring classes its chances are indeed very great. We do not speak of the merits of the Positive Company of

which we know nothing beyond what the advertisement discloses, but of the grand plan which that Company proposes to carry out under the superintendence of the inventor of the system.

When understood, the plan is simplicity itself. Theoretically a policy of Life Assurance in consideration of a fixed periodical payment to the office throughout life, secured to the representatives of the Assured, an agreed sum upon the Assured's death, happen whenever it might, even although a single premium only had been paid, of a sum out of all proportion to the amount for which the insurance office made itself liable. As first introduced by the Equitable, in England, one hundred and seventy years ago, one general rate of premium was accepted for all insurable ages, and from that time to the present, any misrepresentations as to age, condition of health or habits, and any failure to pay the premiums regularly as they fall due, entailed absolute forfeiture of all benefits from the contract, whatever might be the amount of premiums which the office had received. The principle changes hitherto introduced have proceeded on the fuller knowledge acquired as to the average duration of human life, whereby premiums have been reduced, and a more equitable adjustment has been made, in favour of the younger lives. It remained for the inventor of the system we are about to explain to introduce that new condition of things which the theory of Life Assurance required. The Positive plan is to ascertain and fix by contract with its Assurers, the exact return which it will make for the money it receives as premiums, whether upon death or during life, and in order to render the insurance available commercially, the contract is given the form of a promissory note, to bearer, capable of being negotiated by delivering without endorsement deed, of transfer or other formality. No conditions are attached to it and the power of disputing a claim on any ground whatever has been most effectually shut out. A single premium secures a paid up policy in the shape of a positive note, for a fair proportion of the amount assured, independently altogether of any subsequent payments, and the holder of the positive note is entitled, at any time, to have paid back to him forty per cent of the premium, either as a loan or as the surrender value.

Due precautions are taken to ensure performance of the contract, firstly, by setting aside, in special trust, eighty per cent of all premiums received, the accumulations of which, with interest, are calculated to provide an ample fund to meet all possible claims upon it; and next, by the investment of one-fifth of the paid-up capital, under the name of a Guarantee Fund, to provide for any excessive mortality, or deficiency from any other cause arising in the premium funds; and as these trusts are so framed and constituted as to place the moneys in British Government Securities, beyond the reach of speculative Directors or Officers with a tendency for amalgamations, it is difficult to see where the security of the Assured can possibly fail. The payment of claims, made certain in the beginning of operations based upon this plan, become yearly more perfectly secured, and the longest liver can count with the same confidence on his claim

being met, as can those who die earliest, the trusts being a fundamental and unalterable principle of the Company, which neither bankruptcy or anything short of the disruption of the British Empire, can determine or impair. We invite our readers to peruse the advertisement on which we have commented and to judge for themselves of the advantages which the Positive Company propose to offer us. A most careful consideration of what is thereby urged has convinced us, that the plan needs only the fullest development to make it an exceedingly great boon in the shape of Life Assurance, but each intending Assurer should examine the system for himself and form his own conclusion.

"THE GAZETTE," MONTREAL, SEPT. 25TH, 1873.

The appearance of the Positive Life Assurance Company, in the Dominion, not only adds another to the long list of Assurance Associations which have already established themselves amongst us, but, according to its advertisement, which we yesterday published, that company claims to possess special attractions for assurers, which no other similar institution has ever yet offered; and to provide that absolute and proved security without which Life Insurance is little more than a name. Under its system, each Premium, as paid, secures the assured, a fixed and certain advantage, which nothing can disturb:—that is, the Company engage, upon receipt of the Premium, to insure the life for a named sum, during a given period; and simultaneously they give the insured a Promissory Note, payable upon death, for a portion of the sum assured, proportionate to the Premium paid them; such Promissory Note being independent of all further payment of Premium; transferable by mere delivery like a Bank Note; and carrying with it, during the assured's life, a right to the holder to demand from the Company forty per cent. of the Premium which it represents, as the surrender value or fixed price to be paid by the Company for the purchase—or as a loan upon the simple deposit of the Promissory Note without other kind of security. At the same time it is a leading feature of the scheme to reject all the usual conditions imposed under the ordinary contract of Life Insurance. Once a Policy is issued, the very nature of the transaction and the form which it assumes, preclude the possibility of future dispute; the parties thenceforth standing on identically the same footing as the issuer and holder of a Bank Note or Promissory Note, payable to bearer, stand to each other. That is to say the possession of a duly executed Promissory Note of the Company, and death of the assured, render the payment of the amount for which the Note was given as certain as it is possible for any contract to make it; the absence of all conditions absolutely narrowing the question between the contracting parties, to whether the Policy has been duly signed on the part of the Company, and whether the assured has died. Those familiar with the existing systems of Insurance will understand the inestimable value which this reform possesses. The passing of a Policy from hand to hand was never before secured or attempted.

But even a Bank Note is not of any value unless means have been provided for its ready convertibility into coin, and the scheme of the Positive would have been still imperfect if provision had not been made to secure performance of the contract which it makes by its "Positive Note," a contract which, for the sake of greater clearness in conveying the idea of its terms we have hitherto styled a Promissory Note. That note not only enters into a definite and unmistakeable contract to pay or lend a certain sum of money upon a specified contingency, but it also, on the face of it, points to the fund provided for making good the promise which it conveys. According to the form adopted by the Company in England, which we presume will be substantially the same as that to be issued here, a memorandum at the foot of the Positive Note refers to the investment, "*in consols in special trust,*" of the Premiums out of which the payment is to be made:— so there is a specific trust fund created for payment of these claims, under the highest order of investment; the security, namely, of the British Government; and assuming such investment to be of an adequate portion of the Premiums, the convertibility of these Promissory Notes of the Positive Insurance Company appears to have been most thoroughly and satisfactorily secured.

We gather from the Company's advertisement, that eighty per cent. at least, of the whole Premiums are invested in Consols in Trustees names "solely to provide for Life Assurance," and as additional security "to make good any deficiency that may temporarily occur by fluctuations in the mortality amongst lives assured," one-fifth of the paid-up capital of the Company has also been set aside in trust as a "guarantee fund." The advertisement adds:—"It should be observed that these two funds cannot be charged or made liable for any other engagement but Life Assurance. To these abundantly sufficient securities is added the whole of the other large paid up capital, and property of the Company, which are also liable for assurances; therefore Positive Assurers enjoy three distinct lines of security. A, the Guarantee Fund of £51,000, consols; B, all the net Premiums which are invested in consols and of themselves are much more than sufficient to cover all Policy claims; C, the other capital and property of the Company. It is submitted that whether the number of Life Assurances effected by the Positive be many or few, the observance of these principles provides truly absolute security for the assured "never previously attained in this country."

We most sincerely welcome the Positive Assurance Company to Canada; and, without any wish to detract from the merits of other Insurance Companies, we feel bound to say that the Positive system appears to us to have been devised in a spirit of fairness and equity, hitherto sought for in vain amongst the perplexing conditions and uncertainties of the usual Life Assurance Policy. We wish it every success, believing that nothing we could say in its favor would add to the force which the intrinsic merits of the Positive plan cannot fail to command.

THE ADVANTAGES OF THE POSITIVE SYSTEM AND THE CLASS
OF SECURITY OFFERED BY THE POSITIVE COMPANY ARE
STRONGLY EXEMPLIFIED BY THE FOLLOWING ARTICLES
FROM THE "MONETARY TIMES":—

MISCELLANEOUS SECURITIES.

OCTOBER 10TH, 1873.—A statement of the assets and liabilities of Jay Cooke & Co. has been published, from which it appears that they owe nearly \$8,000,000 of unsecured debts, while they have nearly \$16,000,000 worth of property to pay with. One would think it impossible for a firm to fail under such circumstances; yet not only has the firm failed, but there appears to be very little prospect of their being able to resume business. Certain it is, that creditors will have to wait long for their money, and it is not at all impossible that they may never be paid in full. For it appears from the statement above referred to, that in addition to the \$8,000,000 of ordinary debts, there is a further sum of \$1,700,000 which is fully secured on good collaterals. Now, it is clear that these must have been all the good collaterals they had; for a firm like Jay Cooke & Co. would never have gone down without straining every resource of credit and security at their command, to avert failure. After pledging securities for \$1,700,000, they had still \$16,000,000 worth of bonds, mortgages, and other property left. Yet, with this enormous total of assets in hand, they were forced to stop payment, and this at a time when money was comparatively easy, and readily obtainable on good securities. This conclusion is irresistible, viz., that this immense sum of \$16,000,000 was represented by securities of such a doubtful character that the firm could raise no money on them at all. It seems incredible, yet such must be the fact, for otherwise they could have pledged more securities and raised more money to save themselves from failure.

Of the assets, over \$4,000,000 is in the bonds of the Northern Pacific Railway, and \$1,500,000 more in the shape of a loan to the same Company; \$2,500,000 more consists of second mortgage bonds, &c., and nearly \$8,000,000 is classed as bills receivable, bank, insurance, and other stocks, and real estate, evidently a mass of unsound securities, requiring great length of time for realization. What will be the upshot no man can tell; but we fancy a good number of the creditors would be willing to take less than 100 cents on the dollar in settlement of their claims.

PROPER AND EQUITABLE LIFE INSURANCE.

Mr. Elizur Wright of Boston, Mass., is the best known and the most experienced of American actuaries.

Any reader of Mr. Wright's book who has not given the subject of life insurance a good deal of study will soon arrive at the conclusion that the life insurance policy is a contract, the precise force and effect of which it is not easy to understand. For, in addition to such plain questions as the safe investment of money, economy of expenditure, adequate premiums, &c., there are other matters, more or less technical in their nature, which involve the rights and interests both of the insured and the company, and which require to be properly adjusted in order to render the contract a desirable one. It is with this class of questions that Mr. Wright deals.

Three principal propositions are laid down, which are almost, if not altogether, revolutionary in their effect:—

1. That no policy should extend over the whole possible life.
2. That every policy shall stipulate the *minimum* cash surrender value which the company will pay whenever the policyholder wishes to withdraw, or ceases to be insured.
3. That the working expenses shall be assessed in proportion to the "insurance value" of the policy, so far as they exceed the bare cost of managing the investments.

If the points here raised possess the practical value which Mr. Wright claims for them, if they involve the rights of the policyholder to the extent alleged, then it is evident that in the practical working out of the science of life insurance, the principles of equity have been seriously misapprehended, and the superstructure has been, in some measure, erected on a wrong basis. The question is one for actuaries, and they ought boldly to grapple with it. It can scarcely be expected that the insurance public will accept with alacrity and without explanation a system the equity of which is so vigorously challenged by one who above all others ought to be able to speak truthfully of its merits and defects.

A DAY OF TRIAL.

OCT. 17TH, 1873.—While Life Insurance, in the United States, is in a great measure exempt from the crisis which has overthrown or rudely shaken so many financial firms, it is passing through a period of trial scarcely less severe. We do not now refer specially to the general shrinkage of assets, which, according to present appearances, will greatly affect the balance sheets of the Companies when the reckoning for the present year is made. Where investments have to be found for two hundred and seventy millions of dollars, it is not reasonable to suppose that first class securities would be always at hand for such an enormous sum. In looking over the schedule of assets of some of the Companies recently, we were struck with the large amounts of town, county and township bonds and stock held the school debentures, the railway stock and bonds, manufacturing, insurance and mining stock, in which some of the best Companies have

placed an amount that would, if lost, much more than make the difference between solvency and insolvency. How important this consideration is will appear from the fact stated in these columns last week, that the shrinkage on the securities of less than a score of railway lines was nearly sixty millions of dollars. Leaving this point for future consideration and further developments, we shall only make reference to other features of the present situation.

American Life Insurance is the growth of the past twenty years; the oldest Companies have barely attained the age of thirty years, while the great majority date from 1864 to 1869 inclusive. The five years embraced between these two dates witnessed a marvellous development of the system entirely surpassing the experience of all other nations in this respect. In 1869, symptoms of weakness were developed; an occasional failure startled the ill-placed confidence that had been so serenely reposed in the soundness of the Companies, under what was then assumed to be the almost infallible supervision of the insurance departments, amalgamations followed each other in succession till these two diseases, which are after all but different forms of the same malady, carried off more than one-sixth of the whole number of companies which were enrolled on the books of the New York Insurance Department in 1870. Nearly every month adds another to the already long list of the departed. These offices are almost wholly of the after-growth, that is the crop of 1869. Many of them were started as mere individual speculations. A place must be had for somebody's son, cousin or nephew, some bankrupt merchant or stock-broker, had to be taken in out of the cold, and chiefly for his special benefit a Life Insurance Company was founded, he getting "his friends" to take up the stock. The bitter experience of the past three years has rendered any further repetition of this almost criminal folly no longer possible.

Another damaging circumstance which must be ascribed either to an inherent weakness of the system or a wretchedly bad administration of it, is the disgraceful developments in connection with the management of the largest Company of New York. It would hardly be too much to say that, not only is confidence shaken in this Company's management, but the whole superstructure has been weakened. The din of these conflicts had not died out when a war broke out in the West. The St. Louis Mutual Life, while rent by internal factions, was exposed to attacks from several quarters outside. The very existence of the Company has, as many of our readers know, been jeopardized. It will be seen from the statement in our New York letter, that application was made by no less important a personage than the State Insurance Commissioner for an injunction to restrain the Company from doing business, on the ground that it was utterly insolvent. The application, we learn, has been refused, so that probably the Company will get one more chance for its life. It is asserted that the Commissioner is a dismissed officer of the Company, and that his action is due to personal hostility. This has always been regarded as one of the very best of the

Western Offices, its transactions were very large and its business rapidly progressive, its destruction would therefore be a terrible blow to Life Insurance interests in the United States. Policyholders of the St. Louis in Canada are amply secured by the deposit of \$50,000 at Ottawa no matter what may happen, we should be pleased to see the Company not only survive but enter upon a new career of prosperity.

The facts cited, if disagreeable in themselves, at least afford the satisfaction that in the words of Superintendent Chapman of New York, "the storm through which the business has been and is yet passing, is purifying the whole atmosphere of Life Insurance." That there has been "undue inflation" that there are "too many Companies" that "the supply of insurance is greater than the demand" we hold with the official just named, to be undoubted facts. How many rude shocks to confidence, what wrecks of high reared structures how lengthened a catalogue of real disasters may attend the removal of all these evils none but a prophet could now tell.

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CAPITAL, . . \$2,500,000.

The Paid-up Capital exceeds . . . \$1,250,000

The Premium Received on Shares is 170,000

Total . . . \$1,420,000

POSITIVE GOVERNMENT SECURITY LIFE ASSURANCE

IS UNLIKE ANY OTHER PLAN KNOWN,

**AND PROVIDES REMEDIES FOR THE DEFECTS IN ORDINARY
LIFE ASSURANCE WITHOUT DISTURBING THE SOUND
PRINCIPLES ON WHICH THE SCIENCE RESTS.**

IT AFFORDS:

1. Government Securities for Assurers instead of the miscellaneous security of ordinary Companies. This great advantage is provided for by the investment in Dominion or Canadian Government Securities, in local Trustees' Names, of the whole of the net premiums paid on each Assurance effected in Canada, in addition to which £51,000 Sterling of Consols are invested in England for a similar purpose, such funds being strictly hypothecated for that one purpose.
2. A Negotiable Promissory Note for each premium, payable "To Bearer," on the death of the Life Assured, or convertible into Cash, at any time, during lifetime, to the extent of 40 per cent of the premiums paid; either on loan at moderate interest, or by surrender.
3. If you only pay one Premium, and you never pay another, you are still assured, as long as you live, for the value of your first Premium.
4. Whatever your occupation may be, whether Soldier, Sailor, Traveller, or anything else, you may travel and reside wherever you like, without fines, extra Premium, or notice, and your POSITIVE Life Assurance remains in force.
5. All Positive Policies and Positive Notes are absolutely indisputable, and all alike participate in eighty per cent of profits.

CHIEF OFFICE;

53 BEDFORD SQUARE, LONDON, ENGLAND.

CANADIAN BRANCH:

353 NOTRE DAME STREET, . . . MONTREAL.

OCTOBER, 1873.